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MONTANA HIGHER EDUCATION IN THE NINETIES

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Montana Higher Education in the Nineties

INTERIM REPORT OF THE MONTANA EDUCATION COMMISSION FOR THE 90s AND BEYOND

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INTRODUCTION

On September 12, 1989, Governor Stephens issued Executive Order Number 22-89, establishing the Education Commission for the Nineties and Beyond and instructing us, the fourteen members of that committee, to visualize the future needs of all aspects of higher education in Montana in the context of a concern for quality, access, accountability, and affordability. The Governor's order also directs us to seek economies in the overall structure of higher education; to consider ways of addressing capital construction and maintenance needs; to identify and prioritize the needs of research and public service; and to recommend means of financing these priorities with respect to stimulating economic development for Montana. We are obliged to present a report with our recommended actions to the Governor and Board of Regents by October 1, 1990.

We have operated under these assumptions: that progress in the development of the state's prosperity is dependent upon high quality postsecondary and higher education systems; that persistent economic conditions have created funding problems for these educational sectors; that long-range planning is vital to ensuring that higher education continues to meet the needs of Montana's citizens; that people in Montana desire opportunities for their children to be educated and to live and work productively in Montana; and that the citizens of the state display a strong desire to re-examine and, perhaps, re-conceptualize the educational systems.

In our efforts to respond to the Governor's mandate, we have sought advice and suggestions from all sectors of Montana society. After an initial series of committee meetings immediately following the formation of the Commission, approximately 65 public meetings were held in 17 Montana communities. A request for written comments was circulated across the state, and hundreds of letters and papers were received. In addition, a statistically representative public opinion poll was conducted for the Commission by the University of Montana's Bureau of Business and Economic Research during March and April, 1990. Throughout this period, regular Commission meetings also were held, many of which were devoted to formal presentations by specialists from within and outside of Montana, and all of which involved extensive discussions of needs, problems, limitations, and alternatives.

These events both culminate in this interim report and stimulate another round of public meetings. Following those, the Commission will reconvene in August, 1990 to review the contents of this interim report in the light of the reactions it evokes. We then will develop and present our final report by October, in accord with the schedule in Governor Stephens' executive order.

This interim report represents the present status of our efforts to develop a twenty-year plan for Montana higher education, a plan that can lead to the achievement of a highly relevant and substantially restructured system by the year 2010. It opens with a review of events and conditions that are influencing this state's social and economic future. It then describes many of the prominent aspects of higher education in Montana and, by responding to several frequently asked questions about higher education, offers a snapshot of the present condition of the enterprise. The concluding section of the report contains our vision for the system and presents our interim findings and recommendations in the context of three themes: Forming an Accessible and Responsive System; Ensuring Effective and Accountable Governance, and Assuring Excellence Through a Program of Sufficient and Sustainable Funding.

One closing comment: we have operated on the basis of consensus throughout our process. Different opinions held by different members were brought to the table and discussed and debated; agreements usually were reached. This report, therefore, presents our collective views, and the use of the first person voice is intended to convey that.

We conclude that Montana must employ all of its educational resources in its efforts to position itself for a positive entry into the 21st Century. Montana is at a crossroad, but whichever road it chooses, it cannot continue to follow the present route: hard choices await us. Many of these are considered below, along with the reasons why come to this conclusion and the directions suggest.

I. MONTANA AT THE ADVENT OF THE THIRD MILLENNIUM

Social and Economic Change

It is worth noting that the end of the present decade, the year 2000, symbolizes more than the end of the 20th century and the onset of the 21st; rather, it represents the end of the Second Millennium and the beginning of the Third. It has been suggested that the Millennium is a metaphor for the future; it represents the advent of a golden age in human history, a time to close the door on the past and embark on a new era.

The suggestion is apt. Certainly not in recent history, perhaps never, have Montana and its sister states found themselves in such an era of social and economic change. If there remains any uncertainty about this, one need only reflect for a moment on the number of times each day that terms with dramatically new connotations are encountered. "Global economy," "telecommunications," "international competitiveness," "human capital," "economic restructuring," and "Pacific Rim," to name a few, are words that have taken root in the national lexicon. Indeed, they have become so familiar that their very conventionality threatens to obscure the importance of the concepts they represent.

Movement toward the development of a global economy seems unstoppable. Products travel freely around the world, and their prices are determined by international rather than national markets. The economies of all industrialized nations and all American states are interrelated.

Montana is clearly included. In its report, "The Next Century: Strategies for Advancing Montana's Economy," the Governor's Council on Economic Development argues that competitiveness in the global economy increasingly requires the highest quality of the most technologically advanced products and services. For Montana, this means that traditional commodity industries must outproduce their international competitors through more advanced and efficient processes. In the new global economy, where the capacity for producing everything from wheat to computers is available worldwide, Montana businesses can no longer compete on the basis of price alone.

Technology is altering the restraints of time and distance that have shaped work schedules and work places throughout modern history, enabling workers to choose where and when they will work. This is strikingly apparent in Montana, where already one worker in four is self-employed. Technology is introducing change into virtually every industry and every job, creating unprecedented demands for educated people.

As the state's economy becomes more diversified, it depends less on traditional extraction industries and more on services and entrepreneurship. Growth in service industries stimulated the presence of 26,000 more jobs in 1987 than in 1979, more than offsetting losses in the other sectors during this period. The educational implications of these changes are becoming increasingly apparent in Montana today.

Presently the nine largest service industries in descending order are retail trade, education, health care, general government, finance, insurance, real estate, food service, wholesale trade, transportation and public utilities, and business services. All are heavily reliant on skilled people, so much that many consider the work force the critical determinant of the rate of growth of the economy and the well-being of the population.

Montana has been both buffeted and changed by these influences. As Montana enters its second century, it faces a test of whether it can build a first-rate economy that has the capability of competing in this global marketplace. Complaints about de facto barriers to foreign markets notwithstanding, the economic playing field is probably more level than ever. Opportunities are present. **Success depends more than ever on the competence of Montana's people. Their skill, dexterity, and knowledge are the critical aspects; all fit within the province of education.**

Members of the Education Commission for the Nineties and Beyond

John O. Mudd, Chairman, *Missoula*
Jean M. Hagan, Vice Chairman, *Bigfork*
Dennis M. Burr, *Helena*
Terry B. Cosgrove, *Helena*
Nancy Davidson, *Great Falls*
John M. Dietrich, *Billings*
Raymond D. Edmonds, *Havre*
Verna M. Green, *Helena*
Senator H. W. "Swede" Hammond, *Malta*
Representaive Mike Kadas, *Missoula*
Charlene Loge, *Dillon*
Jim Moore, *Bozeman*
John Olson, *Sidney*
Don Peoples, *Butte*

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EDUCATION COMMISSION FOR THE NINETIES & BEYOND

36 SOUTH LAST CHANCE GULCH, SUITE A ☐ HELENA MT 59601 ☐ PHONE (406) 442-7657 ☐ FAX (406) 443-4614

Dear Fellow Montanans,

Last fall Governor Stephens formed The Education Commission for the Nineties and Beyond to examine higher education in the state. Before preparing our final recommendations, which are due in October, the Commission wishes to offer this interim report to the people of Montana.

The first part of the report includes important information about Montana's future and the role higher education will be expected to play. In part two we describe the status of the state's system of public higher education and attempt to answer several questions we have heard repeatedly over the last eight months. Part three outlines a vision for the future of higher education in Montana and steps to attain that vision. We particularly encourage public discussion on the tentative recommendations and alternative proposals contained in this section.

We have chosen to focus the report on structural issues that influence all of higher education rather than on individual units or programs. It may appear to some that we have overlooked their particular needs. Because of the range of issues facing higher education, we had to make hard choices about where to focus public discussion and action. We hope that improvements in more fundamental aspects of higher education will lead to improvements throughout the system.

The fourteen members of the Commission brought to this task different backgrounds, biases, and ideas about what is needed in higher education in Montana. We pledged at the outset to maintain a statewide, rather than a parochial view, to set aside as best we could our personal prejudices, and to study the facts before drawing even tentative conclusions. The interim report born of that commitment is presented with our unanimous endorsement.

Although we have concluded that the ideas offered here deserve particular consideration, our final report will be prepared only after a period for public comment and another series of town meetings throughout the state. We encourage you to attend the meetings and to complete the questionnaire found near the end of the report. We also welcome more detailed written comments.

Finally, we want to call attention to the title of this report. It is our firm conviction that Montana cannot continue its present course for higher education without profound and detrimental impacts on the future of our people. The state faces fundamental choices that cannot be postponed. We believe the preliminary recommendations presented in this report point the way to a future of promise.

Sincerely,

Jack Mudd

Chairman

PUBLIC MEETINGS SCHEDULE

Location	Date	Time	Room
Billings	July 9	7-9 pm	Petro Theatre, Student Union Building, Eastern Montana College
Bozeman	July 10	7-9 pm	Reynolds Recital Hall in Howard Hall on South 11th, Montana State University
Butte	July 9	7-9 pm	Conference Room, Student Union Building, Montana Tech
Dillon	July 11	7-9 pm	Auditorium, Main Hall Western Montana College
Glendive	July 10	1:30-3:30	Student Center, Main Building, 300 College Drive, Dawson Community College
Great Falls	July 11	7-9 pm	Multi-purpose Room, Vo-Tech Center, 2100 16th Avenue South Great falls Vo-Tech Center
Havre	July 9	7-9 pm	Ball room, Student Union Building, Northern Montana College
Helena	July 10	7-9 pm	Room 125A Donaldson Building, Helena Vo-Tech
Kalispell	July 10	2-4 pm	Room 119, Melton Hall, #1 First Street East, Flathead Valley Community College
Miles City	July 10	7-9 pm	Room 106-107, Main Building, 2715 Dickinson Street, Miles Community College
Missoula	July 11	7-9 pm	Urey Lecture Hall, corner of Maneield and Beckwith, University of Montana
Wolf Point	July 11	7-9 pm	Wolf Point High School, Auditorium

Montana Population Dynamics

Montana's future also involves changes in its population. The state's population increased 17 percent from 1969 to 1986. Most of this growth occurred in the 1970s. The population recently plateaued in 1985 at 825,000.

Until the late 1980s, Montana's population growth exceeded the national rate. Between 1970 and 1980, for example, the rate of population increase in Montana was 13 percent, compared with a national average of 11 percent. Growth during the 1980s (1980 to 1987) was positive but slower. Since 1980, about 29,000 more people have moved from Montana than have moved in. A greater number of births than deaths, however, offset the loss through out-migration, leading to an increase from 787,000 to the present estimated figure of 809,000 during this period.

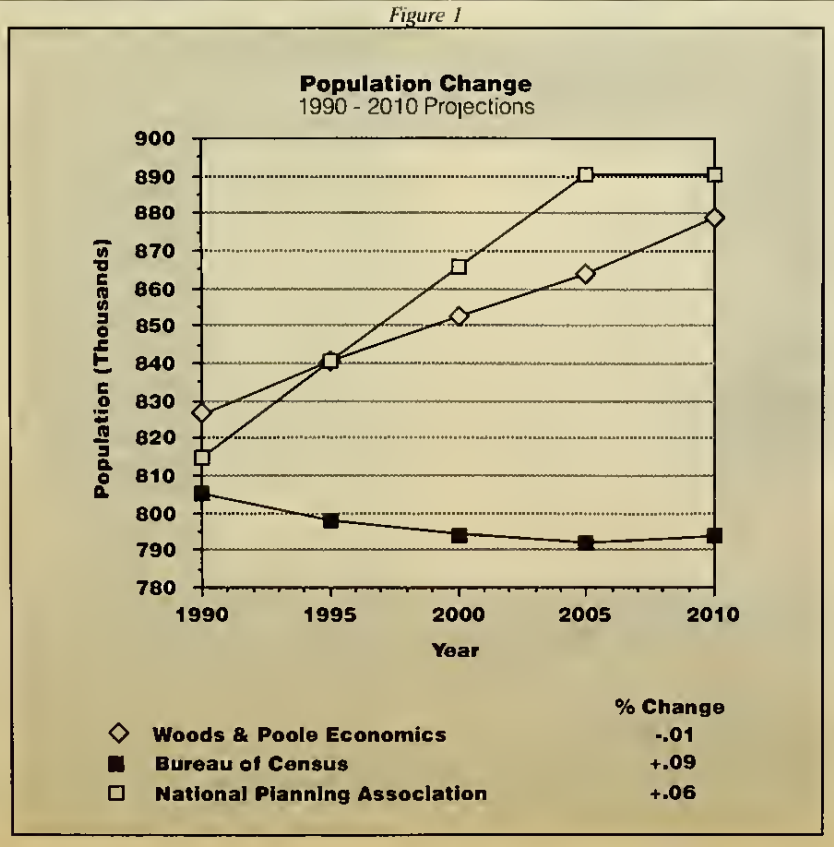
Projections to 2010 vary. Three of the more celebrated are illustrated on figure 1.

There is considerable volatility in the projections, even beyond the range reflected in these numbers, which suggests that the experts are undecided. All but the Bureau of the Census, however, continue to project population growth.

Another trend involves the population distribution, particularly the shift from rural to urban localities. Between 1930 and 1950, Montana's farm population declined by two-thirds. Between 1950 and 1980, the decline was about half. The present farm labor force in Montana is about eight percent of the total state labor force. These changes are not expected to reverse, and they require educational responses sensitive to sparse population patterns.

Discussion of the social, economic, and demographic outlook could continue for many more paragraphs. This much is clear: change is certain, and Montana's future will depend on its people, on their commitment and intellectual competence. The demands of emerging circumstances concern the full educational spectrum. They place more stress than ever on early acquired basic skills as a foundation for further education, training, or work. They require a sound technical and scientific grounding and the capacity for adaptation to change. They emphasize a new role for on-the-job learning and training. They carry implications for programs both in traditional educational institutions and in unconventional settings, not only with respect to such matters as expanding the study of foreign history, culture, and languages, but also to extending the opportunities for such study to a wider spectrum of the population. Above all, they translate the concepts of the learning society and lifelong learning from rhetoric to reality.

Figure 1



II. MONTANA HIGHER EDUCATION IN THE LAST DECADE OF THE 20TH CENTURY

The Institutions

Montana has a variety of postsecondary institutions: public and private, four-year and two-year, academic and vocational.

The state operates six public baccalaureate-granting institutions (the figures in parentheses refer to Fall, 1988 headcount enrollments):

Eastern Montana College (Billings, 3,994)
Montana College of Mineral Science and Technology (Butte, 1,818)
Montana State University (Bozeman, 10,024)
Northern Montana College (Havre, 1,593)
University of Montana (Missoula, 8,879), and
Western Montana College of the University of Montana (Dillon, 1,097).

Community colleges in Montana include three institutions that are jointly state and locally operated:

Dawson Community College (Glendive, 531)
Flathead Valley Community College (Kalispell, 1,958), and
Miles Community College (Miles City, 654).

Montana also has three independently-governed baccalaureate-granting institutions:

Carroll College (Helena, 1,418),
College of Great Falls (Great Falls, 1,200), and
Rocky Mountain College (Billings, 705).

Several other community colleges are tribally owned and operated:

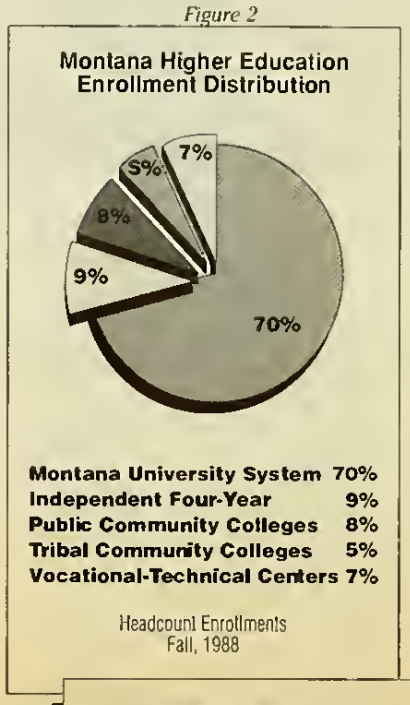
Fort Peck Community College (Poplar, 196),
Fort Belknap College (Harlem, 141),
Little Big Horn College (Crow Agency, 207),
Stone Child College (Box Elder, 139),
Blackfeet Community College (Browning, 387),
Dull Knife Memorial College (Lame Deer, 141), and
Salish Kootenai Community College (Pablo, 810).

Five state-operated vocational centers complete the list:
Helena (821)
Missoula (550),
Butte (465)
Great Falls (733), and
Billings (511).

Enrollments and Service Levels

Seventy percent of the students enrolled in postsecondary education are in the six public four-year colleges and universities. Independent four-year college enrollments increase the total proportion of the four year institutions to 79 percent. (figure 2) (Montana's three independent four-year colleges enroll about eleven percent of the total four-year enrollments; the state ranks 46th in the nation in private college and university enrollments. Public and tribal community college enrollments comprise 13 percent of the total, and vocational institutes account for the remaining seven.

Figure 2



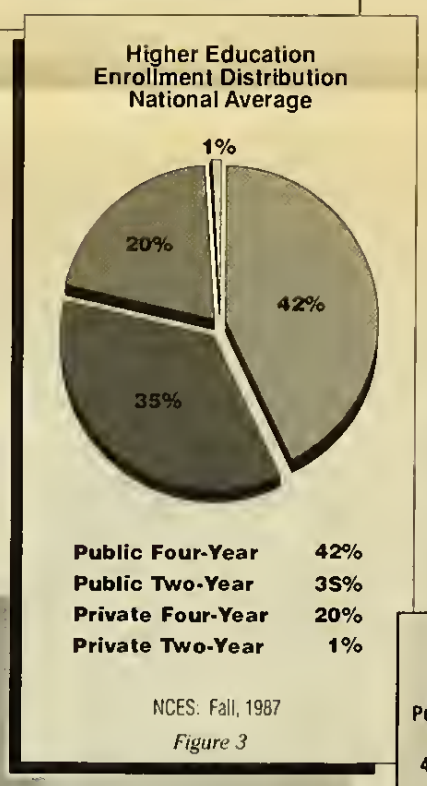
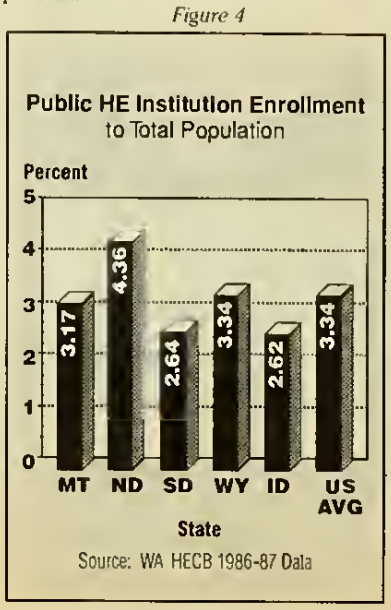


Figure 3

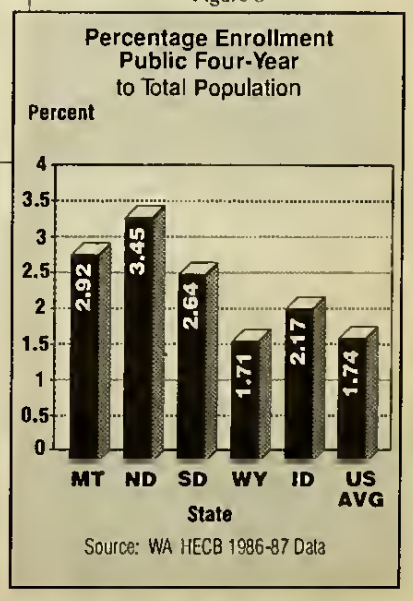
Approximately 39,000 people attend the 24 postsecondary institutions located in Montana. The rate of participation, stated in terms of the percentage of the population that is enrolled in all of higher education at any one time, is approximately 4.8 percent. In 1986-87, the most recent year for which national comparative data are available, Full-time equivalent (FTE) student enrollments in Montana's public institutions, excluding the vocational-technical centers, equated to 3.17 percent of the total state population, (See Figure 4). Montana ranked sixteenth in the nation on this score. The national average was 3.34 percent.

Figure 4



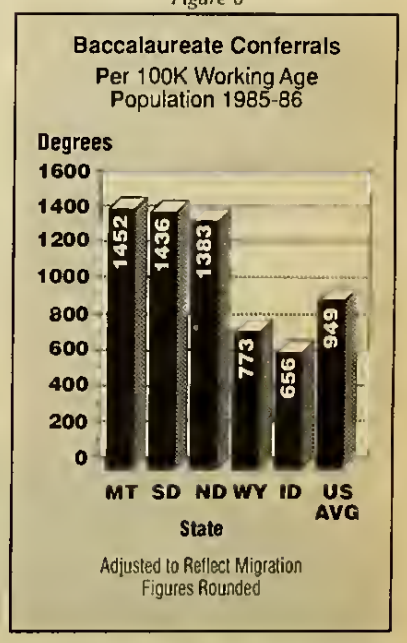
For comparison purposes, in 1986-87, 2.92 percent of the population were enrolled in public four-year institutions, well above the national average of 1.74, ranking the state second in the nation on this basis (Figure 5). The percentage of the population enrolled in public two-year schools was 0.25, well below the national average of 1.02, ranking the state 48th. These figures have changed a bit: presently 3.38 percent of the population is enrolled in public four-year institutions and .77 in the two-year schools. We do not know what the 1989-90 national average is, so we have no basis for an inter-state or national comparison, but **the disparity in participation rates between the two types of institutions is striking, and it describes a major imbalance in Montana's higher education system.**

Figure 5



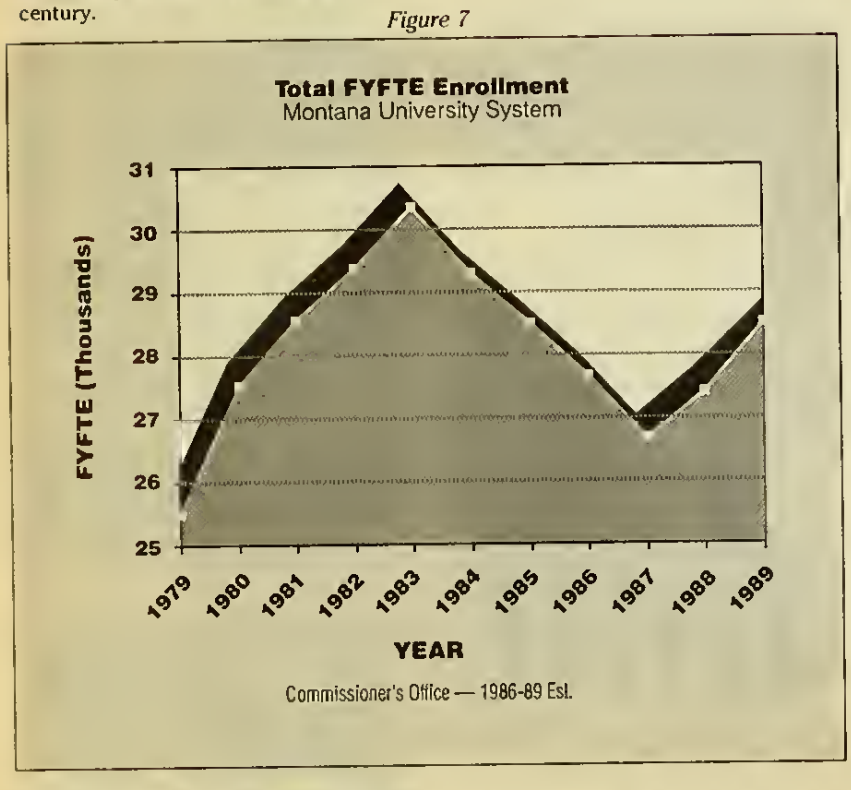
Montana leads the nation in per capita conferrals of baccalaureate degrees among the working age population (Figure 6), an impressive statistic, also reflective of the 4-year institution emphasis. As might now be expected, it slips when it comes to conferrals of associate degrees to working age Montanans, once more ranking 48th.

Figure 6



Montana's higher education system experienced enrollment increases throughout the 1970s and the early 1980s. Recent years have witnessed decreases on the average of three percent a year. Enrollment in 1988-89 (FTE) was about equivalent to 1981. (Figure 7) Enrollments are expected to stabilize or increase slightly through the early 1990s and then increase moderately through the turn of the century.

Figure 7



Even with none of the changes recommended later in this report, there will be growth in higher education enrollments. Using the population projections presented earlier, if the present 3.57 percent figure is maintained, the following estimates of future enrollments may be derived:

PUBLIC HIGHER EDUCATION ENROLLMENTS

(FTE students equal to 3.57 Percent of the Population)

Population Projection	1995	2000	2010	1995-2010 Change
Census	28,489	28,346	28,346	-143
NPA	30,003	30,909	31,783	+1,780
W&P	30,033	30,434	31,385	+1,352

Since the FTE total will be less than the headcount figure, the actual number of students in attendance will be greater (public institution headcount enrollments presently equate to 1.16 the FTE figure).

There are obvious problems with the projections, not the least of which is lack of agreement amoung the projecting groups on the present population total. In any case, we consider them conservative. We also are proposing changes that may be expected to increase the participation rate. Thus, we expect the actual numbers to be much higher.

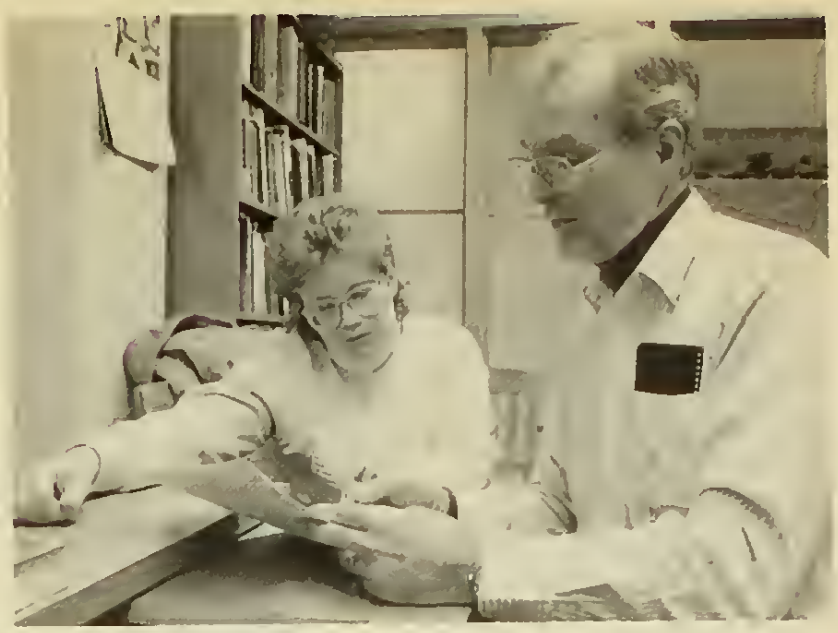
The profile of Montana's higher education enrollment is changing. Women, part-time, and older students are in greater prominence than ever. According to the Commissioner of Higher Education's 1986 enrollment report, part-time students in Montana's four-year institutions (public and private) and three state-supported community colleges represented 25.5 percent in 1986: this is up from 24 percent five years earlier. A similar pattern is apparent in even more dramatic form nationally. The national average part-time enrollment is 44.2 percent of the total, well above Montana's figure.

Women comprise the greater proportion of part-timers. In Montana, women account for nearly 60 percent of the part-time students, and slightly more than 47 percent of the full-timers, although they represent 51.2 percent of total enrollments, full- and part-time. This also accords generally with the national pattern, as represented by the fact that at the national level, women represent 58 percent of the part-time students and 50 percent of the full-timers. Throughout the country they comprise 53.5 percent of the total.

One major change in the composition of the population centers on age. The Census Bureau projects a ten percent decrease in the youngest age groups (5-17 years of age) between 1990 and 2000. The 18-24 age group, decreasing 28 percent between 1980 and 1990, is expected to remain stable to the year 2000. The 25-44 age group is expected to decrease twelve percent during the remaining decade of the century. The remaining older age group, 45 and older, is expected to increase 18 percent.

The average age of students in all of the units of the University system has been gradually increasing for several years. The average student age in 1981 was 24.7 years; in 1986 the figure was 26 years.

Finally, Montana is a net exporter of postsecondary education students. Based on Fall, 1986 figures, 2,395, about 25 percent, of Montana's graduating high school students who entered college did so in another state. The number was partially offset by 1,080 entering students from other states, leaving a net college student out-migration figure of 1,315. This is not a regional pattern. Two of Montana's neighbors, South Dakota and Wyoming, also were net exporters, 233 and 741 students, respectively. North Dakota and Idaho were both net importers, with 714 and 1,258 students, respectively.



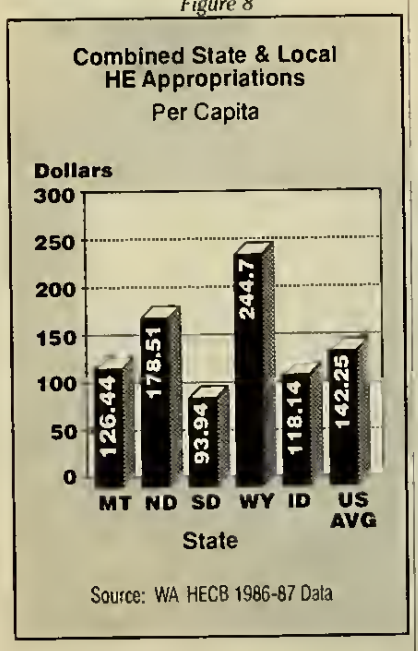
Funding

In 1986-87, again the most recent year for which comparative data are available, Montana ranked 45th in the nation in terms of state and local tax appropriations per FTE public institution student. Montana appropriations averaged $3,987, well below the national average of $5,086. All of its regional neighbors except South Dakota ($3559, 48th) ranked higher than Montana on this scale: Wyoming, $7,335 (3rd); Idaho, $4,516 (30th); and North Dakota, $4,090 (42nd). The national average figure is 27.5 percent higher than Montana's.

In order to match the national average level here during that year, the state would either have had to increase total appropriations 27.5 percent while holding enrollments constant, or it would have had to reduce FTE levels between 7500 and 7900 FTE students, depending on whether the 1986 or the present FTE count is used. This would be approximately equivalent to closing Eastern, Northern, and Western Montana Colleges, together with Montana Tech, and not allowing the students there to transfer to the universities or to other schools in the system.

In terms of higher education support on a per capita (state population) basis, the state ranks 30th, with $126.44 per capita appropriated for higher education. Montana is below the national average of $142.25 on this measure. (Figure 8)

Figure 8



Finally, when everything is taken together, state and local appropriations and student fees, Montana drops to 48th place on the national rankings. In this case, the per FTE figure is $4,968. The national average is $6,364. The difference is about the same as before, 28 percent, and the range of funding increase or reduction in FTE levels to reach parity also is about the same. Montana's regional neighbor states are compared in Figure 9. In the nation, only South Dakota and Oklahoma are below Montana on this scale.

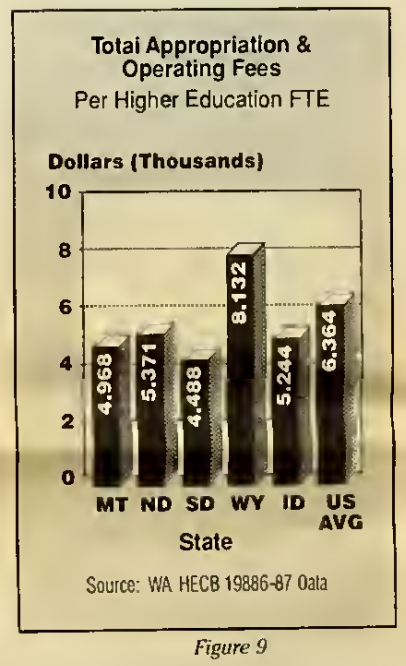


Figure 9

Montana also ranks last among the American states in per student need-based state financial aid awards. The average 1989-90 grant in Montana was $321. The national average was $1,171. Montana ranks below Puerto Rico ($457) and all of the neighboring states: Wyoming ($454), South Dakota ($336), North Dakota ($606), and Idaho ($430).

In summary, Montana has an unusual amalgamation of higher educational resources, but we are far from comfortable with the extent to which it is poised to address the requirements of the 21st Century. There are anomalies in major aspects of the system, including an imbalance of institutional types and programs, which affect student participation rates and patterns. It is difficult to say when a system is doing too much of one kind of thing and not enough of another, but Montana's higher education system probably is providing too much emphasis on four-year residential institution opportunities and not enough on two-year opportunities for commuting and place-bound students.

The system also is under-funded in comparison with other states for the number of students it serves. The state is educating students in its public institutions for about three-quarters of the national average cost.

Productivity is apparent, but a price is being paid. We are convinced that this will soon take the form of reduced educational quality. Other effects will be manifest in insufficient student access, especially to associate degree programs, and reduced institutional responsiveness to public needs. Several of these are apparent in our replies to questions that have arisen during our deliberations and interactions with the institutions and the public. Here we shift from a summation of statistics and data to the answers we offer to several of the more frequently asked.

Questions That Have Been Asked

1. What are Montana attitudes about higher education?

Hundreds of letters and papers concerning various aspects of Montana's higher education system have been received in our office. Copies were distributed to each member as they arrived, and the topics they comprise were widely discussed at our meetings. As noted above, public meetings also were held in many Montana communities. Notes were taken at each of these and copies also were distributed to the members.

In addition, we commissioned the University of Montana to conduct a professionally developed and administered public opinion poll. There is no way to briefly convey the results of the series of extensive telephone interviews (each of which required more than thirty minutes) involved in the poll, but we have been impressed by the extent to which the responses to those questions reinforced statements made during the first round of the public meetings and much of the material we received through the mail.

In the poll, people were asked to state their level of agreement or disagreement with a series of statements about higher education in Montana on a five point scale. On the following list of excerpted statements the percentages agreeing and disagreeing are indicated in parentheses.

Access:
"Montana's postsecondary education system should provide all of the undergraduate and vocational programs Montanans want, so they don't have to go out of state"
(74 percent agree; 25 percent disagree)

Cost:
"I'm willing to pay higher taxes to maintain the postsecondary programs and schools we have now"
(60 percent agree; 36 percent disagree)

Funding:
"Salaries for teachers in Montana's postsecondary schools are generally too low" (59 percent agree; 18 percent disagree)

Quality:
"I'm willing to pay higher taxes to ensure an educational system that is competitive in quality with our neighboring states"
(66 percent agree; 29 percent disagree)

Institutional roles:
"Attending a community college is a good way for a person to begin his or her college education"
(85 percent agree; 12 percent disagree)

"Montana's colleges and universities should be more involved in economic development activities, to help the state and its rural communities"
(81 percent agree; nine percent disagree)

"Montana should invest in telecommunications and off-campus delivery systems in order to increase the access to postsecondary education for people in rural areas who cannot easily get to the schools"
(68 percent agree; 24 percent disagree)

Fifty-two percent of the respondents indicated they would "Pay higher taxes in order to increase funding, so all students who want to can enroll." Most of those who responded felt that funding for the institutions was too low and should be increased, although a majority was undecided on this issue. Perhaps the most significant aspect of the responses to this question is that none of the respondents felt that funding was about right, and less than seven percent felt the schools have more than enough funding for what they really need.

On balance we are left with the impression that the people of Montana are concerned about the future of their state and agree that education has an important role to play.

2. Does Montana provide sufficient access to all who wish to participate in higher education?

In our view, the answer is no. Most of the state's higher education emphasis falls on what are essentially residential four-year colleges and universities. The State is comparatively rich in nationally-focused four-year colleges and universities but limited in community-focused community colleges and vocational centers. Enrollments are skewed to the public four-year sector.

Some of this may be culturally induced. For their own child, 60 percent of the poll respondents prefer a four-year college over a two-year school. Part may relate to tendencies among teachers, advisors, and counselors not to encourage high school students to consider vocational centers and community colleges. Whatever the reasons, Montana's higher education system displays many of the characteristics of a 19th century conception of higher education, with an accent on four-year residential institutions augmented with a scattered presence of two-year institutions and vocational centers.

Lower division, occupational preparation, continuing education and worker retraining programs are present but access is limited for place-bound Montana residents residing beyond commuting distance to them (place-bound students are those whose jobs, family, or economic circumstances limit the time and resources they can devote to commuting or relocating to a college or university).

In Montana an important educational emphasis is placed on high school and high school graduation, one we strongly support because we consider a high school diploma an essential step toward future educational opportunities. The Montana Department of Labor and Industry cites data indicating that by the year 2000 the educational level necessary to obtain a job will increase to an average of 13.5 years. The high school diploma, presently required for about 58 percent of the jobs, will serve as the basic educational requirement for only 40 percent by that year. The importance of community college and vocational-technical center educational opportunities in the occupational fields is certain to increase.

While it may no longer be a sufficient passport to employment for most Montanans, the high school diploma is nonetheless an essential credential, and Montana's K-12 system does well. The state has one of the highest graduation rates in the country, 87.3 percent, ranking it fourth.

Montana high school graduates, however, may not be continuing into postsecondary education in the numbers expected. The state is below the national average in terms of the ratio of students in public higher education institutions to high school graduates. Montana ranks thirtieth on this scale.

Because of such statistics, we wonder whether Montana's higher educational system is as accessible to place-bound high school graduates desiring further education and to other potential students desiring job training, retraining, or continuing education as systems in other states. **The common pattern is one in which numbers of Montanans graduating from high school face the choice of either immediately entering a four-year institution or entering the labor market. For many, especially those who must work, there are no other options. The state lacks a comprehensive array of community-centered feeder institutions.** The absence of academic transfer programs in the vocational-technical centers is a further limiting condition.

Important changes in the characteristics of students have been occurring over the past several years, and we expect the trends they represent to intensify. While the annual numbers of graduating high school students have been decreasing, there has been no comparable decrease in enrollments in higher education. The difference is made up by increasing numbers of women and older students enrolling in Montana's colleges and universities. According to the Commissioner's office, if present trends continue, 40 percent of the student population of the future may be made up of those students who have typically been considered 'non-traditional.' The trend also is evident in the unprecedented higher average age of college students.

Such statistics suggest that the traditional concept of college enrollments composed essentially of students continuing to college directly from high school — 18 to 22 year-olds relocating to residential college campuses for four years of study — is fading.

Some of the needs of the new college students might be met through distance learning methods, which also could reduce the problems facing people who reside in Montana's rural areas and small communities. The new census figures are not yet available, but in 1980 Montana ranked as the eleventh most rural state in the country. Telecommunications represent an area of considerable interest to Montanans, a majority of whom agree with the view that Montana should invest in telecommunications and off-campus delivery systems in order to increase the access to postsecondary education for people in rural areas.

These patterns are what we refer to when we describe Montana's higher education system as a 19th Century model. It worked well when it was established, and it continued to do so well into the present century. But college attendance choices and patterns have been changing during the last 20 years. We expect them to continue. If Montana's system is to remain congruent, it will have to change also.

While the situation could be worse, we doubt whether the system as it is presently structured and distributed can respond to the range of accessible opportunities that will be required by Montana's residents during the remaining years of the present century and the opening years of the next.

In our view, higher educational opportunities, either on site or technologically, should be available within commuting distance to every Montana resident. Accomplishing that goal will require some new and imaginative approaches to the manner in which higher education services are organized and delivered.

3. Can Montana's higher education system respond to the economic and social needs that will arise during the remaining years of the present century and the initial years of the next?

It is our collective opinion that the higher education system's capacity to respond to the state's economic and social needs is limited both by its structure and by the funding levels under which it must operate. (We will return to the funding issue later.) Responsiveness involves more of a higher education mission than access to instruction. Assistance with economic development and rural revitalization also represent important aspects.

Roles that colleges and universities can assume with respect to economic development include providing relevant educational programs, continuing education, professional development, and extension programs aimed at achieving a skilled work force, retraining and professional updating opportunities, and lifelong learning. Economic research and analysis represents a second area, encompassing such services as assembling and analyzing information for improved state and local decisions and strategies. Public and private partnerships also are part of this. Research, basic and applied, and technology transfer can contribute to industrial advances, new production processes, and new products and services. Finally, colleges and universities also can assist with new business development through business incubators, research parks, financing programs, and entrepreneurship training with the objective of creating new firms, new jobs, and an expanded tax base.

Rural revitalization also is an area of important need. Montana's rural areas comprise a special set of demands. Rural communities often need education programs to strengthen the management capacities of small business operators; research programs to facilitate local business growth and identify capital sources; educational programs to keep workers and managers abreast of the latest technology in their fields; vocational and technical education, both preparatory and supplemental; surveys of consumer needs to identify the market potential of retail and service outlets; assistance with the renewal of downtown shopping districts; employee training programs to improve the quality of service; counseling and management education for those interested in forming new businesses; entrepreneurship training; education about public assistance programs for the elderly, disabled, and others who cannot work; and many others.

Still another important rural need involves aspects of a community's cultural life and includes such elements as recreation programs, touring dance and music groups, art festivals, the provision of extended degree opportunities through off-campus instruction, and many others.

Any way one views it, these institutions represent substantial combinations of intellectual resources sustained by regular infusions of public revenues. Whatever else, the public wants them involved: An 81 percent expressed support for the view that the state's colleges and universities should be involved in economic development activities to help the state and its rural communities.

4. Is there evidence of unnecessary duplication in Montana's higher education system?

Program duplication received highest ranking in the list of problems calling for reform in Montana by the people who responded to the Commission's public opinion poll. Twelve percent pointed to duplication as a problem.

In the public mind, "duplication" often carries a negative connotation, although there is an important distinction to be made between duplication that is necessary or desirable and duplication that is unwarranted. Unless this delineation is understood, inherent tension is likely to exist between proponents of a responsive higher education system and opponents of program expansion. The tension can be released through recognition that some duplication is essential in order to respond to the needs of place-bound students and to ensure a respectable curricular range at comprehensive colleges and universities. The state also must meet needs for trained professionals, and this can force duplication in fields such as business and teacher education. Employment market needs for graduates of various fields may contribute to duplication in vocational programs, at least until those needs are fulfilled. There also is a core of programs a college or university is expected to offer, such as a basic liberal arts curriculum, in order to qualify as a liberal arts institution. The factors driving duplication in these instances are access, student demand, and institutional role.

We operate on the premise that the higher the program level or the more specialized and costly the field of study, the less the obligation of the state to duplicate it in the name of access, and the greater the obligation of the student to go to the program. Community college liberal arts and vocational education programs, and continuing education programs for teachers and nurses, for example, should exist in greater number than conventional programs at the graduate level if a responsive and accessible education system is to maintained. History and English courses, as other examples, should be available at all institutions. Problems with local access to advanced (upper-division and masters) programs also might be met in an non-duplicating manner with occasional offerings made available for one or two years in a given locality and then moved to another.

Recently the Board of Regents reported that sixty-eight percent of the programs offered in the vocational centers were unique to one center. An additional thirteen percent were offered in no more than two centers. Eighty-six percent of the

programs, therefore, are limited to no more than two centers. Yet, by their very nature, these centers are community based and designed to serve local business and industry. And some communities have similar needs.

In the case of community college associate degree programs, 72 percent are unique to one institution, and an additional 16 percent are offered in no more than two. Baccalaureate programs display a similar pattern. Seventy percent of the programs are unique to a single institution, and an additional fourteen percent are offered at no more than two. At the baccalaureate level, teacher education programs are the most frequently duplicated.

Eighty-two percent of Montana's master programs are not duplicated. An additional fourteen percent, for a total of 96 percent, appear on no more than two campuses. Three graduate-level degree programs — in teacher education and counseling — are found in more than two units of the system. Eighty-three percent of the doctoral programs are limited to one university. Only four — chemistry, mathematics, microbiology, and education — are offered both at the UM and MSU. All of these programs were individually reviewed by the Board of Regents in 1987, and a decision was made to retain them.

In our view, unwarranted duplication is not a serious problem in Montana's higher education system. We believe the state's teacher education efforts should be reviewed but not so much in terms of duplication as in terms of the changes that are evolving in the field. We address this issue again with a recommendation in the final part of this report.

We also recognize this state's participation in the Washington, Alaska, Montana, Idaho (WAMI) program, which is an effective way to address the state's needs for physicians without the burden of a teaching hospital. Montana also participates in several student exchange programs through the Western Interstate Commission on Higher Education (WICHE), and state needs for dentists, veterinarians, and other health professionals are addressed in this manner. Both are ways to provide access for Montanans without enduring the expenses of costly program starts or regional duplication.

We also applaud the Board of Regents for their program review efforts during the last ten years, and we agree with the Regents' observation that the program approval process in Montana is an inherently conservative one. We believe this careful process should continue.

The subject of program duplication has fiscal efficiency at its core. There are other aspects of this efficiency issue in addition to academic programs. We were interested in how Montana institutions compare in terms of administrative costs. We asked the Legislative Fiscal Analyst for information on this and were advised that Montana institution administrative costs on a per student basis ranged between 50 and 70 percent of the average costs of comparable institutions in other states. We also inquired into the costs of athletic programs and were advised that most of the campuses spend between 3.5 and 4.5 percent of their state funds for this activity. Western allocates seven percent.

We have looked at institutional closures, program duplication, administrative costs, and intercollegiate athletics. At this juncture we are satisfied that only meager economies lie in any of these realms.

5. Does Montana's higher education system consist of too many units?

Unit closure is frequently cited as a potential cost-cutting measure, with cost reductions accomplished by shutting down some units and shifting students to other locations. We have examined this issue from several perspectives, but we have not attempted to determine whether closure would be politically acceptable to the people of Montana. Our analysis has been limited to issues of cost and educational quality, not political feasibility.

We begin with the fact that the present generation has inherited a certain collection of higher education units and facilities. These facilities are not ideally located to serve the needs of all of today's students, especially students who are place-bound. If we were starting over, we would arrange and locate institutions differently to serve the present and future needs of residents of the state. The cost of re-configuring the existing units into an ideal arrangement would be staggering, however, and we do not believe we have that luxury. The question is not whether the present arrangement is ideal — it is not. The more practical question is how best to take advantage of the units and facilities we have inherited.

Three significant facts bear upon the issue of closure. First, there is no significant unused capacity at Montana's larger institutions that would allow substantial numbers of students from smaller institutions to be accommodated without added cost. Second, with even the modest population increases projected for Montana over the next 20 years, the state will require additional institutional capacity to receive the resultant increased enrollments. Third, the costs of higher education are driven primarily by the number of students served and the type of institutions and programs in which they are enrolled.

When these considerations are taken into account, it becomes clear that simply closing an institution and transferring the students to another site would not save the operating costs that would follow the students. Under some circumstances there can be savings in administration and support services costs, and those savings cannot be disregarded. Nevertheless, the primary costs of educating a student — the costs of faculty, academic support services, housing and food services, among others — carry with the students whether they are on one campus or another.

Any significant closure causing a shift of a large number of students would require expanded facilities and support services at the receiving institutions, quite possibly generating a need for additional funds there. Moreover, the units to be closed would have to retire outstanding bonds on their facilities. Campus closure also involves matters unique to the institution. For example, at Western Montana College a restriction in the deed that conveyed most of the land to the state requires that this land be returned to private ownership if it is not used as a college. Severance pay for terminated employees and moth-balling costs for closed facilities also must be considered.

Closure of units would make it difficult or impossible for place-bound students in the communities in which the institution is located to transfer to another institution. Depending on the unit to be closed, estimates of the resultant drop-out figure range between 40 and 60 percent. Because these students would no longer be served by higher education, their loss would result in a cost savings to the system. Thus, any substantial savings to be achieved by closing units would result from the number of students who are dropped from the system. There are not substantial savings associated with shifting the remaining students from one campus to another.

Although Montana's present set of campuses is not ideally situated, the state's institutions are not out of line with numbers in other states with large areas to be served. Montana has one public institution per 16,000 square miles, ranking it 13th in the country on this scale, behind such other western states as Washington, Oregon, Arizona, North Dakota, New Mexico, Utah, South Dakota, Idaho, and Wyoming, and only one step above Nevada. Montana ranks sixth nationally in the ratio of public institutions to population at 1:87,444. This is behind Wyoming and North Dakota, and slightly above South Dakota.

Unit closure and the resulting limitation on access appears to run counter to the preferences of most Montanans. Less than a majority feel Montana is supporting too many units — 36 percent. A greater percentage, 60 percent, indicate they are willing to pay higher taxes to maintain the institutions Montana presently has. When presented with a range of options for limiting student enrollment, 35 percent indicted a preference for closing one or more of the postsecondary institutions. A large majority, 70 percent, oppose limiting the number of students allowed to enroll in the system.

In the end we are left with the reality of having inherited a certain configuration of units and facilities. As enrollments increase over the next twenty years, some expansion of the system's capacity will be required. We do not believe it makes fiscal or academic sense to close some units at a time when added capacity will be needed. We have based our recommendations on what we believe to be a more realistic and appropriate course: to make the best use of the investments that state already has made and to use the facilities in ways that promote academic quality while minimizing cost. The recommendations appearing later in this report are designed to achieve these goals.

6. Is higher education in Montana adequately funded?

Montana higher education probably receives its fair share of total state revenues, but state higher education funding levels are below regional and national averages on almost every scale.

In a recent report, the Legislative Fiscal Analyst noted that "Throughout the period 1979-1991, the appropriation to higher education...was the single largest general fund expenditure...The growth in higher education general fund expenditures exceeded inflation from 1979-1991... During the early 1980s when student enrollment was increasing, total funds [in terms of] cost per student did not keep up with inflation. When enrollment began declining in the mid-1980s, costs per student increased faster than inflation." In this view, higher education is doing relatively well in terms of receiving its share of state revenues.

At the same time, Montana's combined state and local appropriations and tuition payments establish a per student funding level that is between 25 and 30 percent below the national average and below all of its neighboring states except South Dakota. **If parity with the national or even the western state average is a reasonable**

goal, the state can either increase its per student funding levels by 28 percent, or it can reduce its student enrollment levels by this amount while holding funding levels constant.

Higher education's share of the general fund is improving, but we doubt there exists sufficient elasticity in the budget to bring Montana higher education to parity without additional revenues. The problem is compounded by the disparate effects of present funding levels on different institutions. How to measure adequacy also is an important concern. In this respect the Legislature and the Board of Regents have identified a set of comparison institutions in the Rocky Mountain West. Adequacy is defined as the average among these comparison, or "peer" institutions. According to the Legislative Fiscal Analyst, the state's "flagship" institutions, Montana State University, University of Montana, and Montana Tech are funded at approximately two-thirds of the average of their respective comparison institutions in other states (1987 figures). The other schools tend to do slightly better. Eastern is funded at 84 percent, Northern at 92 percent, and Western at 75 percent of their comparison institution averages.

The Legislature is concerned about the problem. Transition funds were provided by the 1989 Legislature for the UM, Northern, and Western. To bring all of the units to their comparison institution average would require an additional $47 million during the first year of the biennium and an additional $44 million during the second. Over 82 percent of the additional funds would be needed to bring MSU and UM to their comparison institution averages.

The results of funding shortfalls are apparent in a number of ways. Faculty salaries are in a chasm. Montana public four-year institution faculty salaries for 1987-88 averaged $29,684, compared with a national average of $37,903. Montana and South Dakota share the questionable distinction of ranking 49th and 50th in the nation on this scale.

Faculty recruitment, especially among the experienced upper ranks is a serious problem. The state universities may be able to compete for novice faculty, those just completing their graduate studies, but the typical pattern is one in which these people acquire experience in Montana universities and colleges and then ship out to other better paying institutions. A particularly demoralizing situation occurs when recently graduated faculty are hired at greater salaries than are paid to people already with the institution. The state recently experienced a faculty turnover rate that is three times the national average. The problems are likely to exacerbate over the next ten years, as a large number of faculty at our institutions and across the country reach retirement age at the very time competition for both new and experienced professionals is expected to intensify nationwide. Half the University of Montana faculty are expected to reach retirement age in the next ten years. Most experts agree that a crisis is forming.

Other indicators of slippage include library support — we are told that the University of Montana has not subscribed to a new journal in eleven years. At Montana State the number of actual volumes held as a percentage of the College Library Standard of the Association of College and Research Libraries is 50 percent. The number of librarians available equates to 68 percent of the standard. The institution received a "C-/D+" overall grade on its library.

Other problems include tenuous accreditation, constrained instructional equipment acquisition and repair, limited course offerings, and delayed student graduations because of lack of opportunities to schedule required courses. We also are advised that deferred maintenance on facilities amounts to $30-$50 million, including the need to deal with problems of asbestos abatement and building access for the disabled.

We are convinced that if the system continues to operate at such levels, the consequences will be profound and enduring.

Funding increases are likely to require revenue increases. Montana ranks at the bottom of the states in terms of tax dollars paid by individuals. The figure for Montana is $390 per capita. The next state above Montana is Alaska, with $454. Minnesota ($1,028), Wisconsin ($1,060), Massachusetts ($1,073), Hawaii ($1,163) and New York ($1,266) rank highest in this order.

In terms of total state and local tax collections per capita, Montana ranks 30th. It ranks 12th in total tax collections per $1,000 of personal income. Montana is about average in total tax collections per capita but is the lowest in the nation in tax payments by individuals. The difference is largely accounted for by tax collections on natural resources, a tax source not available to all states. The taxation of the extraction of natural resources has allowed Montana to maintain a relatively low tax burden on individuals. If Montana had tax rates across the board that were "average," it would rank 36th in per capita tax collections. This is a result of lower than average incomes and property values.

In addition, Montana tax rates produce about 84 percent of the revenue of the national average tax rates. A low tax base and reductions in the value of natural resources extracted in Montana have combined over the last nine years to create an erosion of funding for Montana institutions of higher education compared with comparable institutions in the region.

Our public opinion poll revealed considerable sympathy for this problem among Montanans. A majority indicated they were willing to pay higher taxes to maintain the postsecondary programs and institutions the state presently has (those

expressing such an opinion represented 60 percent). A similar proportion agreed that faculty salaries are too low (59 percent). A very high percentage felt that if the choice were between convenient access and program quality, taxes should support quality (93 percent). A majority also supported higher taxes to ensure a system that would be competitive in quality with neighboring states (66 percent). Again, fifty-two percent indicated they would pay higher taxes in order to increase funding so that all students who want to could enroll. Few, 22 percent, were willing to control enrollment in order to control costs and maintain present funding levels, and very few, four percent, were willing to reduce student enrollment even more to reduce funding needs. Finally, the option of limiting the total number of students who could be enrolled in the system was ranked last among the desirable choices for cutting costs.

The remaining revenue source is student tuition. There is not much public support for tuition increases. Only 34 percent of those participating in our poll agreed with the statement, "A larger share of the education costs should be paid by the students and their families through higher tuition and fees." Undergraduate tuition in Montana universities, $1296 (1988-89), is less than the national average ($1828), less than North and South Dakota ($1472 and $1709, respectively) and slightly more than the western region average ($1282). It is higher than Wyoming ($833) and Idaho ($1048).

There may be some latitude here, but tuition increases will not solve the problem. If Montana's undergraduate tuition rates were raised to the national average, an increase of $532 or 43 percent, about $18 million per year would be realized. While there is a difference between tuition costs and general living costs while attending college, tuition expenses represent about a third of the total costs of attending college, and such an increase would create a heavy additional burden for many students. Nevertheless, consideration might be given to a general increase in tuition as a way of increasing revenue. This is not recommended, since it would be a counter move to the accomplishment of an accessible higher education system.

Additional revenue might be gained by increasing non-resident tuition rates to the regional average (from $3068 at the universities to $4,920). Since there would probably be some non-resident enrollment decrease if this were to occur (although a regional average rate would mitigate that effect) any estimate of increased revenues from this source would be speculative. Tuition increases also create further questions about the sufficiency of student financial aid, questions that should be considered in any case.

The state is getting a lot of productivity out of its institutions. But we believe that major components of the higher education system are teetering on the brink of a crisis in quality. We are deeply concerned that the system will not be able to continue to meet present needs in an acceptable and reliable fashion. We are convinced that without deliberate change in the form of increased funding support to at least the average of comparable institutions in the region, there is no hope it will be able to exert a positive force in shaping Montana's social and economic future.

7. Are there problems with credit transferability among Montana institutions?

Concerns about credit transfer are higher education perennials. The issue evokes a term that has little meaning to people outside of the higher education, "articulation," which applies to the way the parts of the educational system work together.

A considerable amount of energy has been devoted to determining the extent to which credits are lost by Montana students during the process of transferring. Evidence of a serious problem is sparse, but the persistence of anecdotal references cannot be dismissed.

When students move from one sector to another, decisions about qualifications are normally the prerogative of the receiver. Left unattended, this situation can create problems. Community college faculty complain that decisions about the transferability of their courses to four-year institutions are made unilaterally, without thoughtful consultation by four-year institution faculty, and sometimes to the disadvantage of the transferring student. Students who lose credits for work successfully completed at an earlier point have an obvious complaint, as do taxpayers in general, who might feel they have contributed taxes twice for the same service.

There exist several lines of attack. The most obvious involves tightening the connections by insisting on a more fully integrated curricular structure. Montana has a governance system that should be able to accommodate this.

The experiences of other states interested in coordinated educational systems have led to such initiatives as consideration of a competency-based learning system as a replacement for the present reliance on academic credits; use of school-college and inter-college coordination committees to define needs and establish priorities; creation of a process for identifying problem areas, defining goals for increasing the number and diversity of students who can meet academic expectations, and designing strategies for accomplishing the goals; involving both secondary and higher education faculty and administrators in statewide and local regional inter-institutional planning efforts; establishing arrangements for disseminating information about which courses will and will not transfer; facilitating communications among faculty on articulation issues; developing agreements on transferability of core credits and greater communication of information about what will transfer; and consideration of the potential efficacy of a common course numbering system, at least for lower division academic transfer courses.

Several of these are represented directly or indirectly in the recommendations that follow. The Regents are addressing the problem and we encourage them to continue. The issue of credit loss is elusive, but we are convinced that it is a problem, and believe that appropriate arrangements should be put in place to assure its elimination.

8. Does Montana need to change its higher education governance system?

Montana does not need to change its basic higher education governance as much as it needs to improve it. The state's higher education governance system, characterized by its constitutionally-vested Board of Regents operating with a Commissioner of Higher Education, has been a source of contention since it was formed. The role of the Commissioner has fluctuated from the beginning, as preferences for a strong system chancellor have displaced conceptions of this office as an executive secretary for the Board, and back again with rhythmic regularity since the office was created.

The public higher education institutions operate under a Board of Regents, which suggests that the state has a single higher education system, but in many respects the system is a system in name only. Separate institutional budgets are created for each college and university, and each institution logically pursues its own interests first during any legislative session.

Faculty perceive of themselves in institutional rather than system terms, and perhaps that is unavoidable. It may be possible, however, to devise arrangements by which their expertise also could be applied to intra-system concerns, such as credit transfer, resource sharing, systemic standards, and inter-institutional program articulation.

We know that the basic functions that necessitate the Board of Regents will not go away. If there were no Board of Regents, a surrogate of some form would be needed to deal with statewide operational matters. A management information system for higher education, labor issues, legal services, federal programs, legislative reports, facilities planning, and many others are all necessary, and someone must be responsible for them.

With respect to the Commissioner, in our view the system needs a chief executive whose responsibilities involve less than that of a chancellor but certainly more than simply service as an executive secretary. We are fully aware, however, that while this person's apparent powers and scope of responsibility can be expanded, in the end it will be the individual who is hired by the Board who becomes the final determinant of the leadership quotient. Thus, the ultimate responsibility for the quality of leadership emanating from the Commissioner's office falls on the Board of Regents, who must make the decision on the type of individual they want, and the inducements that will be required.

We also believe that there are steps that can be taken to secure a more fully integrated system. These include budget authority in the form of responsibility for managing a single budget for the system and a stronger responsibility for long-range planning and coordination, among others. These are described in our recommendations, along with other changes that align with our vision of a restructured system.

9. Does Montana need to reduce its commitment to higher education?

This is the final question on our list. By now we hope our answer is apparent. We believe the future does not create a need for less education—rather, an inexorable obligation for an expanded commitment. Our goal has become one of finding ways that this can be accomplished without exceeding the state's capacity to do so. That principle dominates our vision and our proposals for achieving that vision. These proposals comprise the final part of our report.

III. A VISION OF A FUTURE HIGHER EDUCATION SYSTEM FOR MONTANA

As we enter the concluding portion of our report, Montana's basic higher education dilemma is still with us. The state is at a crossroad. It is in danger of becoming a regular tenant of the bottom rankings of the states' comparative higher education efforts. The possibility, indeed, the present likelihood, this will happen represents one road. A second forms from the vitally important need for the people of Montana to recognize and respond to rapidly unfolding opportunities for economic and social progress. This will require an active and healthy higher education system, but these are qualities that cannot endure in an environment characterized by signs of advanced erosion.

We have three options. The first is passive, continuing with the status quo. This option, however, does not imply stability. Rather, the status quo is actually a downward slide, as Montana's higher education system slips further below standard levels of quality. The second option is essentially negative: decreasing service by sharply reducing higher education enrollments. A service reduction in this form would be unacceptable to the people of this state, and it would be an explicitly contrary response. In effect, if we were to follow that course, Montana would be moving back from the starting line in the race to the 21st Century.

We prefer the third. We realize that we do not have the option of simply buying our way out of mediocrity. Our solutions involve a combination of redirecting and enhancing existing resources. We are assuming adequate funding, however, as a starting point. On that basis we are proposing a re-conceptualized higher education system predicated on the full utilization of existing facilities and resources, one we believe will be uniquely suited to Montana's higher education needs.

The challenges confronting the people of Montana as the end of the 20th Century approaches necessitate a higher education system characterized both by tradition and creativity. They require one that is structurally integrated, a system in which students can participate in complementary curricula and in which services are organized and delivered in a sensitive and coordinated manner. These challenges compel an expanded range of entry points through substantial increases in coordinated high-school/college options and two-year programs. They also invite a new focus on competence as the main indicator of educational accomplishment. All of this in turn requires a more fully integrated and effective system of governance.

An inspired response will need to draw on the most advanced technologies and the most imaginative approaches to educational delivery conceivable; it also will need to fully utilize the resources we have, both in familiar and unfamiliar ways. We believe these are possible. Our conception of how they can be realized revolves around three themes: An Accessible and Responsive Higher Education System, Effective and Accountable Governance, and assuring excellence through a Sustainable and Sufficient Program of Funding.

Our Vision of an Accessible and Responsive Higher Education System

A Focus on Competence and Knowledge

We need to focus on the knowledge and abilities we want our students to master. This means that educators at different levels of the educational system must talk with each other. Montana's K-12 and postsecondary systems are separately governed and administered by separate boards and staffs. The systems are distinct. The education currency — the symbol that holds it all together — is the student credit, the Carnegie Unit. Credits do not mean the same thing to all people, and this creates problems, between high schools and colleges, and among colleges. A year of high school English may not mean much to a college registrar when upwards of fifty subjects, from journalism to drama, can qualify for English credits. Four years of high school English do not always mean the student has mastered composition. Similarly, five credits of introduction to American government rarely mean the same to all faculty.

Montana has an opportunity to break new ground. It can design a fully integrated educational system based on demonstrable competence. Since no models exist that precisely fit Montana's situation, there is an opportunity to be creative. Two further impressions follow from our understanding of the social and economic conditions bearing on Montana. The first is that high school learning experiences should not be "terminal" but designed to integrate with further studies at the postsecondary level and throughout one's adult life. The second relates to this and involves the development of cooperative secondary/postsecondary programs.

The qualifying threshold of all education, academic as well as advanced job training, is shifting to the postsecondary sector. The historical distinctions between vocational and non-vocational education in the high schools are being blurred as employers expect general rather than highly specific work-related competencies in students who graduate from the public schools. Employers and postsecondary educators alike are calling for attention to academic skills in the high schools, encouraging the deferral of specific concentrations, vocational or otherwise, until the basics are accomplished. Occupational requirements thus become more specific as the individual moves up the educational ladder. This creates a new importance for postsecondary institutions of all types. It also creates need for all students to master basic academics in the high schools.

Moreover, this also opens the concept of a competency ladder, as advanced learning builds in a non-repetitive fashion on the transferrable competencies students acquire through mastery of the academic basics and exploratory career courses in high school. Increasingly more advanced training is added at the postsecondary level as the individual advances. Occupational competency ladders could parallel the career path represented by college level work, post-graduate studies, and continuing education in the academic and professional fields, although it also is possible to envision a more clearly defined competency ladder in the academic fields as well. A change in focus from "years of study" to specific references to competencies by higher education institutions in their admissions requirements can expedite the change.

By 2010, demonstration of competence and knowledge should represent a new form of "currency" in the Montana educational system. Student portfolios that identify educational competencies students possess in explicit terms, rather than in such symbols as courses, grades, and credits, should at least supplement if not replace student transcripts as presently understood. Educators at all levels should collaborate with representatives of the general public and business in the development of competency standards appropriate for each educational level and field. Professionals in virtually every field — nursing, law, music, engineering — qualify for entry and recognition by demonstrating their competence in the field. We believe this is a principle that can be applied to all aspects of education.

Competency standards could be part of integrated curricula between the schools and colleges that would key on the accomplishment of core competencies in the basic skill areas. The public school system should be organized around achieving core competencies identified by the State Board of Public Education through task forces composed of public school teachers and higher educational faculty. The Board already has taken important steps in this direction. These might include such competencies as effective communication skills, knowledge of American and other civilizations and governments, facility with at least one other language than English, computation skills, understanding of geography and economics, an appreciation of the arts, job acquisition and retention skills, and citizenship skills. The core curriculum should represent expectations applying to all students, on the assumption that all students can learn. The goal would be the accomplishment of these competencies by all students by the end of the tenth grade, the usual end of compulsory attendance.

The last two years of high school should be characterized by expanded opportunities for students to receive occupational training or participate in college prep programs. The demonstration of competence would provide a useful qualitative measure for educators and students alike to facilitate the smooth movement of students through the system. The emphasis on competence also would encourage cooperation among high schools, vocational institutions, colleges and universities in courses and innovative programs, such as those offered through telecommunications.

An Accessible and Responsive Higher Education System

Accessible education is the essential means to the state's full participation in the global society of the 21st century. Its importance is heightened by the certainty of employment shifts that will require the continual acquisition of new skills over the course of individual careers, the aging of the population, which will place much of the cost of retirement and health programs on a smaller portion of society, and by the increasing complexity of social, economic, political, and community life.

All Montanans should be able to enroll in an educational program appropriate to their educational goals. The requirements a prospective student should be obliged to bring to the setting are a strong desire for additional education and the ability to benefit from it.

Such a conception of an accessible system requires a higher education presence in each community — either tangibly, in terms of a higher education program, or unconventionally, in the form of distance learning technologies. It assumes an appropriate breadth of programs in Montana (or access to programs in other states through WICHE or other interstate agreements) to prepare students for careers consistent with their needs and the state's economic future. It involves sufficient support services to ensure that student access is more than an empty promise. Appropriate support services include developmental courses, student financial aid, academic and career counseling, and physical access for the disabled, among others.

Financial access can be assured through affordable tuition and a flexible system of student financial aid that offers work, grant, and loan opportunities for students of all ages, both full-time and part-time, at all colleges and centers, public and private.

Geographic access can be considerably extended through innovative combinations of joint secondary/postsecondary programs provided by higher education centers operating out of existing institutions in strategically situated localities. These would not be higher educational institutions in the conventional sense, although an existing institution would serve as the hub for delivery of education. Particular emphasis would be given to providing education in homes and remote sites, using a variety of delivery methods. Centers also would offer and arrange for educational services with other institutions.

Such centers would have leading responsibility for first and second year academic courses and occupational programs. They also would contract with four-year institutions for the delivery of limited upper division, master's, and continuing education programs on a mobile, as needed basis. Distance learning technologies, cooperative arrangements with private and tribally governed institutions, campus/business partnerships, and traditional campus instruction also apply. Our conception of the role of these centers also includes active participation in the economic development strategies of the communities in the regions they serve.

Use of telecommunications should be expanded to deliver educational programs into the public schools. During the school day students in small remote schools, for example, might study foreign languages, advanced science and mathematics, and world literature, history, and culture in courses prepared for the schools in cooperation with the colleges and universities, courses of a nature previously beyond the capacity of all but the larger districts to provide.

Similarly, continuing education and retraining programs might be offered at work sites, in the evenings and on weekends, but also during the day, as workers are given release time to attend. On-site programs in local industries could allow institutions and students to take advantage of state-of-the- art equipment and technology. Appropriate degrees should be as available to students advancing in their occupational fields as they are to students engaged in academic pursuits, and they should not be limited to the associate degree level.

The alternative to a planned approach is not acceptable: a haphazard pattern of competitive responses, the presence of "turfism," and uneven opportunities for access to higher educational services for residents of many communities.

Responsiveness represents another hallmark of our vision. Responsiveness

implies a higher education system that is an active participant in all important aspects of Montana economic, cultural, and civic life, a system committed to the well-being of the State of Montana, one that is productively involved in small community development and rural revitalization. It calls for research attuned to social, economic, and academic needs. It involves a system with the capacity and mission to train Montanans to see themselves as globally competent individuals with international understanding and perspective. And it requires programs keyed to economic development, designed to prepare educated workers for fulfilling positions, and suited to the needs of business and the professions.

Higher education's services can extend well beyond the traditional provision of instructional services to students. The value and importance of instruction and research are well accepted, but the persistent needs associated with economic development and rural revitalization place a new emphasis on a third dimension — public and community service.

Montana's economic and social development create pressures for closer connections between the academic and public communities. The search for a closer public/higher education relationship has become a prominent theme of the economic development literature. States, industries, and communities increasingly use their resources to contract with institutions for technical assistance. Appropriations for specified institutional assistance with social or developmental problems also are becoming more common, following a pattern established by the agriculture extension and research programs. Industry-sponsored research in higher education is increasing. Presently it accounts for more than five percent of university research budgets nationally. Montana's institutions are represented. Montana State University is heavily involved in research on advanced materials. Hazardous waste is an area of emphasis at Montana Tech. The University of Montana is specializing in Biotechnology, with funding provided by the Science and Technology Alliance. More than ever before, campus discussions are forming around issues institutions must confront as they become more fully involved — development of patent, licensing, conflict of interest and technology transfer policies — the commercialization of new discoveries in return for royalties.

Because of the significance of agriculture and related industries to Montana' economy, rural revitalization has assumed a special standing in the state's economic and community development programs. The capacities of Montana and its educational, industrial, and public resources to affect the causes of rural decline — resource depletion, international competition, deregulation, etc. — are limited. The potential capacity of the higher education community to help residents of rural Montana adjust to the effects of these new conditions is enormous. The importance of Montana's economic development programs as a replacement for reduced federal research funding may stimulate a higher level of state-focused interest.

The new significance of public service programs also could have a positive effect on the reward systems for faculty. Tenure, promotions, and salary increases might be more frequently made on the basis of the specific conditions of a faculty member's appointment and assignment. Not only could excellence in teaching be recognized, but the evaluation of faculty members whose work involves applied research, technical assistance to communities, or economic development might rest on how well these assignments are fulfilled.

With improved role and mission definition, all of the public colleges and universities could be involved in collaborative programs of economic assistance and rural revitalization. The area higher education centers could serve as local higher education focal points, offering a variety of direct services, backed up by the universities' advanced educational and research programs. Each of these centers could offer customized education services and programs of technical assistance to local industries and communities, frequently at the work site, perhaps in local schools during the evenings, weekends, and summer months.

Responsiveness also will involve the continued presence of high quality educational programs of a traditional nature. Students in Montana should be able to select from a comprehensive range of educational programs and degrees. Institutions must concentrate their educational efforts on the programs at which they can excel. This, along with careful program review procedures, could lead to the virtual elimination of unwarranted program duplication in Montana colleges and universities. The result could be a program inventory of great breadth and depth.

Higher education in Montana can achieve unprecedented levels of community involvement and social responsiveness and in doing so inspire pride and support among Montanans in their colleges and universities.

Achieving the Vision: Recommendations for Forming an Accessible and Responsive Educational System

We recommend an educational system focused on competencies and educational outcomes, or results; such a system requires changing the prominent measure of student progress and accomplishment from academic credits to student competencies.

Montana should embark on a major effort at all educational levels to identify the knowledge and abilities students should be expected to achieve at important points in their educational progress. For example, faculty in four-year institutions should be able to express the core competencies expected of students achieving a baccalaureate degree. In addition, faculty within departments should be able to identify the more specific competencies to be achieved by students granted a major by that department.

In addition to identifying the competencies students may be expected to possess, the faculties should develop appropriate and effective ways of assessing student competencies, both the knowledge students possess and the broader abilities the faculty expect them to demonstrate, for example, the ability to communicate orally and in writing or the ability to analyze real programs in their major field and recommend appropriate ways to address those problems. The forms of student assessment should be comprehensive, addressing the full range of student competencies, not just conventional tests of knowledge or nationally prepared examinations of a limited range of abilities.

The effort to identify student competencies should involve educators at all levels in Montana. The goal should be to develop a common language and understanding that can be communicated across the full educational spectrum. This will allow a shift from the present method of expressing student performance in terms of the courses taken and credits earned to the knowledge the student has acquired and the abilities developed. Conventional student transcripts should be supplemented with portfolios containing examples of the student's accomplishments as demonstrated in these broader forms of assessment.

The identification of student competencies and the development of expanded methods of assessment should have as their sole purpose the improvement of student learning and performance. Although this effort needs to be statewide, individual institutions should be allowed to develop competencies in their students and to assess them in ways appropriate to the school's mission and institutional culture. The goal is not uniformity but greater clarity in what is expected of students and how the faculty has determined the institution's educational goals have been achieved.

Identifying student competencies and developing methods of appropriate assessment will require a sustained effort over at least a decade. While some states and individual schools have taken steps in this direction, the statewide effort across education lines that is recommended here would be unique. In addition to improving the quality of education within Montana, the Montana Assessment Project (MAP) could place the state in a national leadership role. Thus, we recommend that the Legislature support this effort with a special appropriation equal to about three-quarters of one percent of the annual higher education appropriation, or about $1 million each year, to be used principally for released time and summer compensation for faculty involved with this project. Individual institutions should seek additional funding from private sources to complement these state funds. Although we estimate this effort will require a decade from start to completion, annual progress reports should be made to the Commissioner of Higher Education.

We recommend the formation of a more fully integrated educational system, from kindergarten through graduate school, with opportunities for continuing education and lifelong learning for all students who need and can benefit from them.

In such a system, the public K-12 educational system should concentrate on the achievement of core competencies — communication skills, knowledge of American and other civilizations and governments, facility with at least one other language than English, computation skills, understanding of geography and economics, an appreciation of the arts, job acquisition and retention skills, and citizenship — by all students by the end of the tenth grade or the end of the compulsory attendance years.

Opportunities should be provided for students to choose integrated high school/postsecondary options in the academic and occupational fields during their eleventh and twelfth years.

Joint programs, dual enrollments/joint registration arrangements, leading to Associate and Bachelor degrees in academic and occupational fields should be established among high schools, educational centers, and colleges and universities.

Associations between postsecondary institutions and the high schools located within their service areas should be encouraged to facilitate the development of integrated courses of study, resource sharing arrangements, the application of distance learning technologies, teacher/faculty peer associations organized along academic discipline lines, professional development activities, and clear student transfer paths between educational sectors.

Montana needs Higher Education Centers composed of existing four-year, two-year, and vocational institutes operating as integral units of a re-conceptualized Montana University System.

The basic goal is a truly accessible postsecondary education system for all Montanans.

A system of Area Higher Education Centers, bearing a geographical reference to their locations should be created. The Centers should be responsible for identifying and arranging the responses to the educational needs of the areas they serve. A corollary objective is an efficient statewide response to statewide educational needs.

The centers should comprise a community college system that would serve as feeder schools to four-year institutions, provide worker training, and offer limited upper-division and masters level courses, normally by contracting for the services of an appropriate institution, on an as-needed basis. The system of centers should be fashioned from existing community colleges, vocational institutes, and, where appropriate, four-year institutions.

Eleven Area Higher Education Center districts should cover the state, centered in Helena (Helena Vocational-Technical Center), Miles City (Miles Community College), Glendive (Dawson Community College), Kalispell (Flathead Community College), Bozeman (Montana State University), Great Falls (Great Falls Vocational-Technical Center), Billings (Billings Vocational-Technical Center), Butte (Butte Vocational-Technical Center), Missoula (Missoula Vocational-Technical Center), Dillon (Western Montana College), and Havre (Northern Montana College), and every community in the state should be located in and served by a district.

The Area Higher Education Centers should not be colleges in the traditional sense so much as delivery systems that both offer and broker educational services, contracting with other public and private institutions as necessary.

The Area Higher Education Centers should be obliged to provide services throughout the district in existing community facilities, e.g., schools and libraries, be responsible for identifying and responding to district educational needs, be able to import programs offered in the university system and have authority to bring in programs via telecommunications and other technologies.

Area Higher Education Centers should regularly offer community college academic transfer programs and vocational programs, with particular attention to the training of artisans and crafts-people.

Associate (two-year) degrees offered through the Centers should be degrees of the Montana University System. An Associate degree should qualify its holder for junior-level transfer status to any Montana public four-year institution.

Four-year institutions should serve as the nucleus of Area Higher Education Centers where community colleges or vocational institutes are not situated to assume that role.

At the community college level, the Area Higher Education Centers should stress the transfer connection with local high schools by ensuring the presence of compatible programs linked at the eleventh and twelfth years of school. By focusing on transferrable competencies and connections with upper-division college programs, especially in vocational fields, opportunities for vocationally-oriented students to continue their studies to the four-year Bachelor of Technology degree should be facilitated.

We can imagine several ways in which these centers might be funded and governed. They could operate with state funding support, under state governance with a local board presence, or with local funding support, under local boards with a state planning and coordination presence. Local funding also might be directed essentially to facilities, although the emphasis is on using existing facilities. We will offer a specific recommendation on this subject in our final report, but for the moment we are presenting the issue as an unresolved question, and we seek public comment.

Montana needs a Montana University configured in the following form:

A truly unified Montana University System under the Board of Regents, headquartered in Helena, should be responsible for the delivery of postsecondary educational services to residents of all regions of the state. All units, including the Area Higher Education Centers, should be members of the system, each unit with its own president or director, configured and designated in the following manner. We recommend a university system, and we believe the names of the units should reflect the fact that they are a part of the whole. But traditional names are important. We are interested, therefore, in a public discussion. Thus, more than one possible designation is listed for most of the units.

1. Two Research Universities
   a. University of Montana (or Montana University/Missoula)
   b. Montana State University (or Montana University/Bozeman)
2. Four Regional Four-Year Colleges (Some of which also would be Area Higher Education Centers)
   a. One Technical College with a research component — designated as Montana Technical College, Montana College of Mineral Science and Technology, Montana University/Butte, or The Technical College of Montana University
   b. One Liberal Arts College emphasizing interdisciplinary studies in the liberal arts and teacher preparation for rural schools — designated as Western Montana College of the University of Montana, Montana University/Dillon, Western College of the University of Montana, or Western College of Montana University
   c. One Urban College — designated as Eastern Montana College, Montana University/Billings, or Eastern College of Montana University
   d. One Regional College — designated as Northern Montana College, Montana University/Havre, or Northern College of the Montana University
3. Eleven Area Higher Education Centers (to include the present vocational-technical centers and some four-year institutions in cases where community colleges or vocational-technical centers are not present)
   a. Montana University Center/Helena
   b. Montana University Center/Miles City
   c. Montana University Center/Glendive
   d. Montana University Center/Kalispell
   e. Montana University Center/Bozeman
   f. Montana University Center/Great Falls
   g. Montana University Center/Billings
   h. Montana University Center/Butte
   i. Montana University Center/Missoula
   j. Montana University Center/Havre
   l. Montana University Center/Dillon

Secondary roles as Area Higher Education Centers should be assigned to institutions such as Montana State University, Northern, and Western, located in population centers lacking a community college or vocational center to assume this responsibility.

Enrollment limits should be placed on the universities to reserve them for students who are motivated and well-prepared to study in a university environment. Individual programs within other institutions, for example, teacher education or engineering, also should be limited to students who demonstrate the requisite preparation to meet the program's standards.

Since enrollment limits will create a need for institutional admission standards for the universities and for some programs, this also will send a message to high school students in Montana that they will need to perform in high school to enter one of these universities. Admission standards at the universities, however, must be developed collaboratively with the public school system and attuned to the institutions' minority admissions programs.

Within the university system, the primary roles of the units should be reflected in institutional designations, as research universities, regional colleges, or Area Higher Education Centers.

Montana requires a university system with research and public service programs responsive to the state's economic and community development needs:

This involves developing a business/higher education alliance to identify ways in which the instructional, research, and public service resources of the colleges and universities can be directed to the identification of appropriate value-added industries for Montana's future, the work force education and technology transfer arrangements that will be required, and the institutions that can provide such preparation.

Postsecondary educational institutions should be actively committed to Montana's economic success and vitality, prepared to devote attention to the educational, technical assistance, entrepreneurship training, leadership instruction, telecommunications and capital formation assistance needs of the state's communities;

Colleges and universities should be dedicated to the enhancement of Montana cultural life and shaping an environment in which people will want to come and live.

Our Vision of a System of Effective and Accountable Governance

Higher education governance in Montana is presently hampered by palpable levels of distrust and antagonism, particularly in relations with the legislative branch. Such tensions are counterproductive, and they must be reduced. Our discussions with experts in the field convince us that lasting solutions do not lie either in the direction of comprehensive governance structures transplanted from other states or in quick-fix remedies that lack lasting value. Our recommendations, therefore, build on the system we have, adding elements intended to address particular concerns respecting board powers, communications, and management. They also address the salient aspects of our vision concerning governance.

Under this part of our Year 2010 vision, comprehensive statewide planning for higher education should be brought to an unprecedented level of effectiveness through the development of strong Board of Regents' strategic planning capability and the formation of a well-designed data collection system that values responsiveness to legislative, executive, and public needs. Reliable communications should exist among the various components of the system. Arrangements to facilitate a closer continuing relationship with the executive and legislative branches of government also should be in place. Assurance should exist that inappropriate program duplication among institutions has been eliminated, and expanded inter-institutional collaboration and coordination should be a prominent feature of the postsecondary educational system. An effective process directed to facility planning and utilization should be in place.

Program development should continue to be closely monitored to ensure new initiatives are attuned to student, social, and economic needs. Area higher education center and other institution operations should be fully coordinated by the Board of Regents, which should be responsible for preparing a consolidated budget request for the entire system and allocating funds to the units that comprise it.

Finally, Montana's should be a highly organized and integrated higher education system. It should be distinguished by the presence of continuing and effective strategic planning. It should be a system that promotes unity. It should involve a shared state-university sense of a positive, mutually supportive relationship, and faculty and staff communicating and working for common system goals. It should recognize the presence and rely upon the resources of independent institutions, community colleges, tribally-governed institutions, vocational centers, and, where appropriate, community schools and other centers. It should be operated in a flexible manner, focused on educational competence, committed to maximal transferability, and connected with the secondary educational system in a mutually reinforcing way.

Achieving The Vision: Ensuring Effective and Accountable Governance

We recommend formation of an effective higher education governance system characterized by a Board of Regents and Commissioner that provide dynamic higher education leadership and ready accountability to the people of the State of Montana

This requires a strong Board of Regents. The Governor, who is an ex officio member, should participate in strategic planning discussions, and the present membership would be expanded to include *ex officio*, non-voting legislative members (two each appointed by the leadership, with partisan representation).

The Board should exercise full constitutional authority; it should manage a consolidated budget for the Montana University System, prepare and submit a single budget proposal for the system and allocate appropriations to the institutions and centers comprising the system; it should pay particular attention to long-range planning, mission and goal definition of units, and legislative relations.

The Commissioner should maintain an executive and supervisory relationship over the unit heads, presidents and directors, and be the chief spokes-person for the system. The Commissioner's position should involve more than service as the Board's executive secretary, as was the case before the new constitution. The Commissioner should have general responsibility for managing system matters. Neither the Commissioner nor the Board, however, should be concerned with day-to-day campus operations; they should not attempt to micro-manage the institutions.

The Board should be composed of individuals who are distinguished in their fields, and who are knowledgeable about the issues facing the state and higher education. They should be people with statewide rather than local perspectives.

The Board should operate with advisory groups that report directly to it; perhaps one to implement this Commission's plan, maybe another to assist with facilities planning; these might be ad hoc task forces, or there might be a permanent policy advisory committee on which legislative and executive members and key regents would serve, the focus of which would be on policy issues.

The Board should consider creation of an inter-segmental (K-12, vocational center, community college, and public and independent four-year institution representation) committee on inter-sector articulation to identify problems and propose solutions; the committee also should consider the potential efficacy of a standard course numbering arrangement for the system.

The Board should have a Deputy Commissioner for the Area Higher Education Centers who would be an advocate for these Centers with a particular interest in vocational and lower division transfer programs and coordinating upper division offerings in the centers.

The Board of Regents and the State Board for Public Instruction should empanel a joint committee to undertake a review of prominent trends with respect to teacher training and prepare recommendations to both boards on the direction Montana public institutions should take.

The Board also should be responsible for identifying the specific actions to be taken with respect to system retrenchment and program elimination. Where actions involve matters of public policy, Board decision processes should include consultation with the Governor and the legislative leadership.

Strategic planning for the system should be conducted on a regular basis by the Board. Tactical planning directed to study of such issues as demands in nursing and the health care professions, should occur on an ad hoc basis.

Finally, we recommend that the Governor establish an ad hoc Human Resources Planning Council composed of the Commissioner of Higher Education and directors of appropriate state agencies and the Superintendent of Public Instruction to establish the goals and process of an ongoing inter-agency human resource planning effort that would bridge the concerned educational and non-educational sectors of Montana and provide a framework for coordinated agency and institutional planning. We also respectfully suggest that the Governor convene the Council on a quarterly or other periodic basis to assure the continued presence of such long-range planning and coordination of resources in Montana.

Our Vision of Assured Excellence Through a Program of Sustainable and Sufficient Funding

Montana's higher education system should be widely recognized for excellence, with excellence determined at least in part by responsiveness to state, local, and individual needs. By the year 2010, every college and university in Montana should be able to demonstrate excellence in each of its fundamental activities. The state, through the Board of Regents, should define its expectations for institutional quality and identify the kinds of measures it expects institutions to use in assessing it. Such information should be widely distributed so that potential students, faculty applying for positions, and the general public may know how well colleges and universities are accomplishing their objectives.

In this setting, the institutions of higher learning should evaluate their processes regularly using a variety of measures focused on evidence of the effective and efficient development of student competencies.

Efforts to improve quality also should be undertaken. Again, Montana's higher educational environment is eroding. Growth can occur in such a setting, but each year's experience will be more difficult than the one before. Emphasis should be placed on upgrading the attractiveness of Montana's colleges and universities and higher education centers to outstanding faculty members. We are in a highly competitive market for faculty. Over the next two decades, as these colleges and universities replace a majority of their faculty through normal turnover and retirements, a strategy to recruit and retain the best faculty available should be devised and adopted. New faculty should include representative proportions of women and minorities. As a group, they should have exceptional instructional skills, be able to attract substantial external research support, and be prepared to lend their expertise to addressing Montana's social and economic problems. Greater differentiation in assignment should occur, with some faculty primarily committed to teaching; some emphasizing research; and some involved in public service. Again, faculty evaluation systems should be more flexible, recognizing the individual faculty member's particular skills and assignment.

Faculty also should be supported in their professional development. Institutions should place special emphasis on teaching effectiveness through the provision of incentives to stimulate innovative approaches to teaching and learning and to disseminate the most promising ideas. In addition, faculty might be expected to participate in supportive peer reviews of instructional techniques.

Institutional excellence should be spurred through a process that gives greater emphasis to the measurement of results. The state also should encourage the Northwest Association to consider outcomes measures. These measures should not be limited to standardized tests but should include broader measures of achievement, such as demonstration of oral and written abilities. Results of outcomes measurement, as defined and implemented by the various colleges and centers, should be reported annually to the Board of Regents for periodic presentations to the Legislature and public.

These goals can only be achieved through a system that is operated efficiently and popularly perceived as such. Efficiency presumes the presence of a fully coordinated system. This can be accomplished through a re-conceived educational profession, one that bridges the gaps between sectors and levels by encouraging faculty in both the public schools and the colleges to interact as peers in the design of curricula and in the dissemination of information about developments in their fields. It requires a concept of accountability that is viewed as a mutual institutional and governmental responsibility. It also requires a prompt, uniform, and complete fiscal accounting system.

Funding must be adequate and stable. The funding system should promote efficiency, integration, attention to mission, quality, and access; it also should accommodate a new focus on results. This should be a system that utilizes incentives and eschews formulas that have the effect of encouraging program continuance or duplication irrespective of public need.

Finally, funding should be sufficient to sustain a safe, resourceful, and well-maintained infrastructure, without deferred maintenance. This means that funding levels should remain fully commensurate with enrollment growth. If additional assignments and program responsibilities are given to the institutions, they should be accompanied with appropriate additional funds. The funding system should both accommodate the maintenance of educational quality and have the capacity to respond to calls for its improvement.

In the event that budget restrictions cause a general reduction in the per student level, or enrollment increases fail to draw commensurate additional appropriations and depress per student funding levels below the average, institutions should be required to limit new admissions or otherwise restrict enrollments to the point necessary to ensure maintenance of the average.

We believe Montana has no more than two biennia to recover from the setbacks its higher educational system has sustained over the last nine years. We propose that the down payment on this recovery be made not later than the f991-93 biennium.

Achieving the Vision: Creating Assured Excellence Through a Program of Sustainable and Sufficient Funding

We recommend a funding program for the higher education system that would ensure equity and quality.

Montana's public higher education system is over-extended; either additional funds must be provided to adequately support present enrollment levels, or the number of students must be reduced to sustain academic quality.

With respect to present funding levels, if existing funding represents the standard for the future, the state should reduce overall admissions to postsecondary education to the point necessary to achieve a per FTE student appropriation equivalent to the average of comparable institutions in the region; presently that appears to require about a 27.5 percent reduction, or some 7500 FTE students.

Although the net savings are likely to be slight, if additional support for the system cannot be obtained, the Board of Regents should proceed with the systematic elimination of programs at all levels that are either clearly duplicative, such as programs in similar disciplines at the graduate level, and business, engineering, and teacher education at the baccalaureate level, or programs that do not directly prepare graduates for in-state employment.

The present formulas used to determine support levels for postsecondary institutions in Montana are highly susceptible to enrollment fluctuations, contain incentives for expansion, and are not sensitive to needs for a funding floor during periods of enrollment decline. The formulas contain intrinsic weaknesses, the foremost of which is an inability to maintain funding levels commensurate with enrollment increases during periods of fiscal stringency. The result is a progressive diminution of educational quality in the public higher education system. The formulas should be replaced with another funding model.

We recommend a new funding system aimed at the maintenance of educational quality based on per student support levels equal to the average of comparison non-Montana institutions selected for the purpose.

Should budget restrictions cause a general reduction in the per student funding level, or should enrollment increases fail to draw commensurate additional appropriations and depress per student funding levels below the average, institutions should be required to limit new admissions or otherwise restrict enrollments to the point necessary to ensure maintenance of the average. Additional funds also should be appropriated commensurate with the costs of any new responsibilities or roles assigned the system. Similarly, additional funding should accompany directives to enhance particular programs designated as points of excellence by the Regents or the Legislature. Such a system should be phased in. We recommend that the next two biennia serve as the transition period.

IN CONCLUSION

We stand at this juncture. The Governor directed us to visualize a future for higher education in this state in the context of a need to ensure access, quality, accountability, and affordability, to seek economies in the system, to consider ways of addressing capital construction and maintenance needs, and to think about research and public service in terms of economic development for Montana. We have tried to do so. We have more work to do, and it is possible that additional recommendations will be offered in our final report. That will depend on the reactions and suggestions in the public meetings that lie ahead.

Whatever else, we know that if we cannot move in new directions, dramatically downsizing the system is our only remaining viable alternative. The changes we propose will require additional funding, although not as much as people might believe. Simply adequate funding — bringing Montana's institutions to their appropriate place among their peers in neighboring states — would permit much of this.

The more we have learned about higher education in the State of Montana, the more impressed we have become with the intensity of the problems its faces. We hope that the vision and recommendations we have outlined will allow Montana to build upon its strengths, address present problems, and plan a promising future for its people.

QUESTIONNAIRE

Completion of this questionnaire will assist the Commission in its efforts to gather opinions on this interim report's recommendations and alternatives. Information from the returned questionnaires will be considered, along with opinions expressed at the town meetings and by other means, by the Commission as its prepares its final report.

Please leave your completed questionnaire with a Commission member at one of the town meetings or mail it to the Commission office before July 30, 1990, at the following address:

Education Commission for the Nineties and Beyond, 36 South Last Chance Gulch, Suite A, Helena, Montana 59601

On the questionnaire, please indicate your level of agreement or disagreement with the statement by marking "SA" for Strongly Agree, "A" for Agree, "D" for Disagree, and "SD" for Strongly Disagree. If you are Undecided, check "U." The references are to the recommendations and alternatives appearing in the third part of the interim report.

1. Montana schools, colleges, and universities, should identify the knowledge and abilities to be expected of students and develop effective ways of assessing whether this knowledge and these abilities have been gained. ☐ SA ☐ A ☐ D ☐ SD ☐ U
2. Rather than emphasizing grades and credit hours, Montana institutions should stress student competencies ☐ SA ☐ A ☐ D ☐ SD ☐ U
3. College and university admissions standards should be stated in student competency terms and developed in cooperation with the public school system ☐ SA ☐ A ☐ D ☐ SD ☐ U
4. Educators at all levels should be involved in any statewide effort to identify desired student competencies ☐ SA ☐ A ☐ D ☐ SD ☐ U
5. The state should inaugurate the Montana Assessment Program (MAP) and budget approximately $1 million per year for approximately 10 years to cover expenses associated with released time for educators to develop the program. ☐ SA ☐ A ☐ D ☐ SD ☐ U
6. Montana's K-12 and higher education systems provide opportunities for continuing education and lifelong learning for all students who need and can benefit from them ☐ SA ☐ A ☐ D ☐ SD ☐ U
7. The public K-12 educational system should concentrate on the achievement of such core competencies as communication skills, knowledge of American and other civilizations and governments, facility with a foreign language, computation skills, understanding of geography and economics, an appreciation of the arts, job acquisition and retention skills by all students by age 16 or the end of the tenth grade ☐ SA ☐ A ☐ D ☐ SD ☐ U
8. Opportunities should be provided for students to participate in joint high school-college academic or occupational training programs during the eleventh and twelfth grades ☐ SA ☐ A ☐ D ☐ SD ☐ U
9. Close associations should be formed between the higher education institutions and the high schools in their regional service areas ☐ SA ☐ A ☐ D ☐ SD ☐ U
10. A system of regional higher education centers throughout the state, should be established ☐ SA ☐ A ☐ D ☐ SD ☐ U
11. The regional higher educational centers should award an Associate degree to students completing the required program, and this degree should qualify its holder for entry to a four-year institution at the start of the junior year level ☐ SA ☐ A ☐ D ☐ SD ☐ U
12. Regional higher education centers should be funded in the following manner (Please indicated your preference):
a. By the state, under state administrative direction with a local advisory board
b. By the localities, with a local governing board and state governing and coordination
c. Through some combination of local and state funding, with local funding limited to such matters as facilities
d. Another way (Please briefly explain)
13. Montana needs a university system configured as described in the interim report ☐ SA ☐ A ☐ D ☐ SD ☐ U
14. I prefer the following institutional names for the colleges and universities in such a re-configured Montana university system:
Institution _____ Preferred Name _____ Institution _____ Preferred Name _____
15. In such a system of higher education, enrollment limits should be placed on the UM and MSU to reserve them for students who are well motivated and prepared to study in a university environment ☐ SA ☐ A ☐ D ☐ SD ☐ U
16. Colleges and universities should be involved in Montana's economic success and vitality and in the enhancement of cultural life, providing technical assistance, telecommunications, rural revitalization, and other programs of this nature ☐ SA ☐ A ☐ D ☐ SD ☐ U
17. Montana should have a Board of Regents and Commission of higher education with the leadership authority outlined in the report's recommendation on this subject ☐ SA ☐ A ☐ D ☐ SD ☐ U
18. Among other things, the Board should manage a single, consolidated budget for the state university system ☐ SA ☐ A ☐ D ☐ SD ☐ U
19. Montana's public higher education is under-funded; either additional funds must be provided or enrollments must be reduced. ☐ SA ☐ A ☐ D ☐ SD ☐ U
20. Higher education in Montana could be more appropriately funded through a system that ensured the maintenance of an established number of dollars per student, such as the system described in the final recommendation of the report. ☐ SA ☐ A ☐ D ☐ SD ☐ U

If you have any other suggestions about or reactions to the report, please let us know. We also would like to know something about you. Please check the category that best characterizes your perspective:

☐ Educational Professional, ☐ Concerned Citizen Not Affiliated with Education, ☐ Parent, Age of Children _____

If you would like to receive a copy of the final report and you believe you are not already on the Commission's mailing list, please provide your name and mailing address.

Name _____

Street Address _____

City _____ State _____ Zip Code _____

Thank you.

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INTERIM REPORT OF THE MONTANA EDUCATION COMMISSION FOR THE NINETIES AND BEYOND

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